

From: Grayson Bottom

Sent: Friday, October 12, 2012 2:19 PM

To: Gary Cooper; alberts239; Ken Smith; Michael McEachern (mmceachern1@cox.net); Rick Opitz; thegrbas@cox.net

Subject: City Council Update

You will notice on both the YMA and City Council consent agendas an item referred to "accept the re-statement of the report of audit." This item relates to the e-mails I have sent you earlier this week. I want to reiterate, the changes being made to our financial statements do not change our budget, our cash reserves, our cash flow, or our revenue. The net effect will more than likely show an improvement. Fixed Assets less Accumulated Depreciation, Current Portion of Long Term Debt, Long Term Debt, and excess of Total Assets over Total Liabilities will all go up. Therefore, we should see a slight improvement in the Balance Sheet.

We have two action items under the YMA agenda. The first is to consider moving forward with the second year of equipment and vehicle purchases under the "Master Lease Purchase" program (also known as a guidance line and reducing revolver). As a review, the advantage is to take the peaks and valleys out of Capital Improvement purchasing. By purchasing equipment and vehicles this way we know exactly what our monthly obligation will be year after year. It levels out the cash flow requirement. I think you will also recall that this is the mechanism used to purchase the two over-the-road trucks for sanitation services. The rate being purposed is 2.55%, with an initial term of 4 years. You will also notice that when you are asked to approve individual expenditures that there will be more equipment purchased rather than vehicles as was the case that year.

The second action item has been caused by timing differentials between the issuance of the bonds and the maturity of the YNB line of credit. This note is to be paid off with the bond money. The outstanding principal balance is \$1,58,717.71 and face amount is \$2,000,000. I believe that we will have Series A of the bond issue funded by the end of year. However, just in case there is a longer delay than anticipated our Bond Council, John Williams tells me this is the way to do it. I had originally thought that an extension of the existing note would be better than a renewal, however John preferred this method.

The first action item under the City Council agenda is to consider accepting the New Fire Station and placing into effect the Maintenance Bond(s). The second action item is your consideration of an expenditure of funds in the amount of \$39,200 from the Capital Improvement Fund for the purchase and installation of 8 solar power packs on our storm sirens.

The next four (4) action items relate to paragraphs 2 and 3 above. The final action item is to recess into executive session to discuss pending litigation.



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